

Career Path

Auditors look to northern horizons by Ross Lai



Auditing
Charles Lip
Audit Partner
Deloitte Touche
Tohmatsu
Photo: Jack Lau

For Hong Kong-trained auditors wanting to explore new horizons and new challenges, there is really only one route to consider - the one going north.

"China offers vast opportunities for both newly-qualified and more seasoned auditors," asserts Charles Lip, audit partner at Deloitte Touche Tohmatsu, one of the world's Big Four professional services firms. "For people looking to build a career, the China market offers exciting prospects and is definitely a good option."

Mr Lip can speak from experience. After graduating from the Chinese University of Hong Kong in 1983 with a degree in accountancy, he joined Deloitte and was admitted to partnership in 1994. With China's open door policy in the 1980s, Mr Lip got involved in the firm's mainland business early on and he was recently posted to Beijing as partner-in-charge of audit services in Northern China. "A lot of my classmates opted for jobs in banking and commerce, but I chose auditing as it is a profession that has a structured career path offering very good prospects," he recalls.

On the China front, things really started to happen back in 1993 when international accounting firms were able to set up operations following the liberalisation of the market. Each firm was, and still is, required to partner with an accountancy firm in China and operate as a joint venture but things took off quickly. "We continue to see strong overall growth for our China business," Mr Lip notes. "The market is still not mature like in Hong Kong and, as a result, many of our clients in China are less familiar with the auditing function." The multinational corporations may be familiar with global practices but, at the other extreme, are parochial companies who have only a vague idea why auditing is important, which means there is a lot of work to be done.

As background, Mr Lip explains that, while an accountant is responsible for producing a company's accounts, the auditors check the accounts independently and report whether they present a true and fair view. The two, therefore, work from different perspectives though their training may be similar.

Typical path

In the first three years of their professional life, accountancy graduates will typically perform basic auditing work. After that, promotion to senior accountant rank brings with it the supervision of major assignments and liaison with clients, managers and partners. Further experience leads to responsibility for major auditing exercises which involve quality control and staff management. Eligibility for partnership in a major firm usually comes with ten or more years' experience, depending on individual performance.

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"Our profession works on a pool system rather than a tree system," says Mr Lip. In other words, a partner does not have a specific team of managers reporting to him, nor does a manager have a subordinate team of accountants. "We work on an assignment basis," he adds. "For each, there is a responsible partner and manager and the necessary number of senior accountants and accountants from the pool. The next assignment will have a different team."

This makes good teamwork all the more important and explains why excellent communication skills are a prerequisite. "Auditors must be outgoing and ready to take challenges," Mr Lip notes. "Together with integrity and an analytical mind, these qualities are the cornerstone of the profession."

All new recruits undergo four weeks' induction training to familiarise them with auditing software and methodology and to introduce aspects of the firm's culture. This involves classroom teaching, case studies and role play to simulate real-life situations. For Deloitte's China practice, training activities for staff from all offices are centralised in Shanghai and emphasis is placed on information technology, technical and soft skills.

IT knowledge

"Nowadays, no auditor can afford to bypass IT," Mr Lip emphasises. "In the past, some auditors could still do 'auditing around the computer'. Today, we have to be absolutely sure no irregularities can slip through the labyrinth of the cyber world," he stresses.

In terms of languages, the auditing profession in Hong Kong works in English. In China, multinational corporations favour English while other companies generally prefer to be able to deal in Putonghua, so fluency is expected. With the majority of Deloitte's roughly 1,500 mainland employees being Chinese nationals, the onus is understandably on Hong Kong auditors to upgrade their own Putonghua and communication skills, if necessary. This aside, the professional accounting curriculum in the two places is now similar and will converge more closely as China becomes more attuned to global practices.

Mr Lip acknowledges that there are various pros and cons in deciding at what point in his or her career a Hong Kong auditor should contemplate making a move to the mainland. "It is hard to give a categorical answer on whether to plunge straight in or gain some experience first," he admits. "By entering the China market early, you can get better exposure to the trends developing there but, by spending a few years in Hong Kong, you will get a more solid grounding in professional practices in a mature market."

As for compensation packages, there is currently little difference for auditors working locally or across the border. Previously, there used to be hardship allowances for people stationed in Chinese cities, but this practice is being phased out now that living and working conditions there have significantly improved. In any case, Deloitte makes sure that, if transferring from Hong Kong, their employees do not lose out financially.

"Young auditors nowadays no longer dread the prospect of having to work on the mainland," says Mr Lip. "In fact, a lot of them welcome the chance, seeing the immense opportunities to develop their professional expertise and communication skills and their adaptability to different local cultures."



Figures are provided by Drake International

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